Manitoba Employee Pensions and Other Costs

Annual Report 2010-2011

Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour the Honourable Philip S. Lee, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

May it Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report covering Manitoba Employee Pensions and Other Costs for the fiscal year ending March 31, 2011.

Respectfully submitted,

Honourable Rosann Wowchuk
Minister of Finance

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FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Son Honneur l'honorable Philip S. Lee
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba)
R3C 0V8

Votre Honneur,

J'ai le privilège de vous présenter le rapport annuel sur le régime de retraite de la fonction publique du Manitoba, et autres frais, pour l'exercice se terminant le 31 mars 2011.

Veuillez agréer, Votre Honneur,
l'expression de mes sentiments respectueux,

Rosann Wowchuk,
ministre des Finances

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Introduction

Report Structure

The Annual Report is organized in accordance with the departmental appropriation structure, which reflects the department's authorized vote approved by the Legislative Assembly. The report includes information at the main and sub-appropriation levels, including program descriptions, financial performance and variances, as well as a five-year historical table detailing departmental expenditures.

Overview

The benefits administration program area of Labour Relations Services, Treasury Board Secretariat, is responsible for providing central administrative services to government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and personnel policies. Negotiated plans include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drug and Long Term Disability plans as well as the Health Spending Account.

Introduction

Structure du rapport

La structure du rapport annuel est conforme à la présentation des affectations de crédits ministériels, laquelle correspond aux crédits autorisés par l'Assemblée législative pour chaque ministère. Le rapport présente des renseignements relatifs aux crédits et aux sous-crédits, y compris la description de programmes, la performance financière et les écarts, ainsi qu'un tableau récapitulatif quinquennal des dépenses ministérielles.

Vue d'ensemble

Au sein du Service des relations du travail (Secrétariat du Conseil du Trésor), la section d'administration des prestations assume la gestion centrale de différents régimes d'assurance et programmes de prestations, à l'échelle de l'ensemble de la fonction publique du Manitoba, conformément aux diverses conventions collectives, mesures législatives et politiques applicables au personnel gouvernemental. Divers régimes ont résulté des négociations entreprises, y compris le régime d'assurance prévoyant le transport par ambulance et l'hospitalisation dans une chambre à deux lits, le régime d'assurance dentaire, le régime de soins de la vue, le programme de remboursement des médicaments délivrés sur ordonnance et le régime d'assurance-invalidité de longue durée, ainsi que le Compte gestion-santé.

The branch manages the payment and recovery of Workers Compensation from government departments and certain agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance, Employment Insurance and the Levy for Health and Post-Secondary Education.

There are two benefit categories:

1) Non-Recoverable, including Superannuation, Workers Compensation (central costs) and other salary related benefits; and

2) Recoverable, including Canada Pension Plan, Employment Insurance, Civil Service Group Life Insurance, Workers Compensation (departmental costs), Dental, Long Term Disability, Ambulance and Hospital Semi-Private, Vision Care and Prescription Drug Plans and the Health Spending Account, as well as the Levy for Health and Post-Secondary Education. All costs for recoverable benefits incurred by Employee Pensions and Other Costs are recovered from departments based on either actual salaries paid to employees or on the actual benefit premium paid. Within the recoverable category, benefits can also be divided into two classifications: external, premium-based and self-insured.

La section voit au versement des indemnités de la Commission des accidents du travail et à la récupération de ces sommes auprès des ministères et organismes concernés; elle compile également les renseignements financiers se rapportant aux régimes d'assurance et programmes de prestations couverts par des crédits législatifs, dont le régime de retraite de la fonction publique, le Régime de pensions du Canada, l'assurance-vie collective de la fonction publique, le régime d'assurance-emploi et l'impôt destiné aux services de santé et à l'enseignement postsecondaire.

Il existe deux catégories de prestations:

1) Les prestations dont les coûts sont non récupérables, y compris celles relatives au régime de retraite de la fonction publique, à la Commission des accidents du travail (coûts centraux), et aux autres avantages salariaux.

2) Les prestations dont les coûts sont récupérables, y compris celles relatives au Régime de pensions du Canada, au régime d'assurance-emploi, à l'assurance-vie collective de la fonction publique, à la Commission des accidents du travail (coûts ministériels), au régime d'assurance dentaire, au régime d'assurance-invalidité de longue durée, au régime d'assurance prévoyant le transport par ambulance et l'hospitalisation dans une chambre à deux lits, au régime de soins de la vue, au programme de remboursement des médicaments délivrés sur ordonnance, au Compte gestion-santé et à l'impôt destiné aux services de santé et à l'enseignement postsecondaire. Dans cette catégorie, les sommes engagées au chapitre du régime de retraite de la fonction publique

(et autres frais) sont récupérées par la section auprès des ministères concernés, en prenant comme point de départ le montant des salaires réels ou le montant des prestations réelles. (Les prestations de cette catégorie peuvent également être classées de la façon suivante: externes, basées sur les primes et autoassurées.)

PART I
Employee Pensions and Other Costs

Employee Pensions and Other Costs

A. Non-Recoverable Benefits

Civil Service Superannuation Plan

The Civil Service Superannuation Plan provides funding for the employer's share of current service contributions and other costs associated with administration of the plan.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1a Civil Service Superannuation Plan				
(1) Pension Related Costs	56,074	69,850	(13,776)	
(2) Less: Recoveries	(48,297)	(62,071)	13,774	
Total Sub-Appropriation	7,777	7,779	(2)	1

1. *The net decrease in the Civil Service Superannuation Plan in 2010/11 mainly reflects an over-estimation of the current service contributions.*

Other Salary Related Benefits

This sub-appropriation provides funding for recording of the annual change in the liabilities for severance, vacation and overtime entitlements for employees who have met the service requirements stated in the collective agreement and are still members of the civil service. The liability associated with employees receiving long term disability and workers compensation benefits is also included.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1b Other Salary Related Benefits	5,144	10,266	(5,122)	1

1. *The variance in Other Salary Related Benefits mainly reflects a decrease in the Vacation, Severance and Long Term Disability Liabilities.*

Workers Compensation Board

The Workers Compensation Board (WCB) provides funding for the annual payments to government employees injured at work as assessed by the WCB as well as fees paid to WCB for administration of the compensation plan. The annual payments are recovered from other departments in respect of their employees.

The province is self-insured with respect to Workers Compensation payments, although the WCB provides administrative and assessment services.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1c Workers Compensation Board				
(1) Assessments	6,009	5,704	305	
(2) Less: Recoveries	(6,009)	(5,689)	(320)	
Total Sub-Appropriation	0	15	(15)	

B. Recoverable Benefits

Canada Pension Plan

This sub-appropriation provides for the employer's matching contribution as required under *The Canada Pension Plan Act* for all eligible civil servants.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1d Canada Pension Plan	34,033	33,775	258	

Employment Insurance Plan

The Employment Insurance (EI) Plan provides for the employer's share of premiums as required under *The Employment Insurance Act* for all civil servants.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1e Employment Insurance Plan	16,192	15,892	300	

Civil Service Group Life Insurance

The Civil Service Group Life Insurance plan provides for the government's share (one-third) of payments under *The Public Servants Insurance Act* which includes basic insurance coverage, as well as group life and accidental death and disablement insurance, for all eligible civil servants.

Life insurance is provided to employees at a rate of up to five times their annual salary, to a maximum of $1 million. The employer contribution is 27.5% of the first four multiples only (employee funds 100% of the fifth multiple). Accidental death and disablement insurance is 100% employer paid and is based on the employee's annual salary multiplied by class (1 to 5), as selected under the life insurance plan, up to a specified maximum.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1f Civil Service Group Life Insurance	2,174	2,220	(46)	

Dental Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Dental Plan provides coverage for basic and major restorative dentistry to all eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

The plan pays for eligible dental care expenses, to a specified maximum, for both full-time and part-time employees. The annual maximum for basic dentistry is $1,475.00 and the orthodontic lifetime maximum is $1,675.00 for full-time employees. Coverage for part-time employees is based on 50% of the coverage amounts applicable for full-time employees and up to 50% of the maximum.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1g Dental Plan	8,005	8,494	(489)	1

1. *Costs associated with the Dental Plan were below budget due to lower than anticipated costs associated with claims activity.*

Vision Care

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Vision Care Plan provides coverage for prescription lenses and eye examinations for eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

Full-time employees are reimbursed 80% for eligible vision care expenses, to a maximum of $225.00 while part-time employees are reimbursed 80% for eligible expenses, to a maximum of $112.50 every twenty-four month period from the previous actual purchase date.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1h Vision Care	1,205	1,200	5	

Prescription Drug Plan

As negotiated through collective bargaining agreements or as provided in the regulations under *The Civil Service Act*, the Prescription Drug Plan provides coverage for eligible drugs or medicines including serums, injectibles, and insulin, which are sold on the written prescription of a medical practitioner and dispensed by a licensed pharmacist for eligible civil servants and their families. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

Full-time employees are reimbursed 80% for eligible expenses, to a maximum of $700.00 per family per calendar year, while part-time employees are reimbursed 80% for eligible expenses, to a maximum of $350.00 per family per calendar year.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1i Prescription Drug Plan	3,405	3,533	(128)	

Ambulance and Hospital Semi-Private Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Supplementary Health Plan provides for an Ambulance and Hospital Semi-Private Plan to all eligible civil servants. Premium payments to the plan carrier (Manitoba Blue Cross) are made, based on the number of eligible employees. Full-time employees and part-time employees are eligible for coverage, although part-time employees are eligible for single coverage only. Premium payments to the plan carrier are 100% employer paid. Part-time employees may elect to increase their coverage to include family members by paying the difference between the family premium and single premium through voluntary payroll deductions. Effective January 1, 2010, premium rates increased from $9.10 to $9.62 for single coverage and from $19.24 to $20.28 for family coverage.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1j Ambulance and Hospital Semi-Private Plan	228	216	12	

Long Term Disability (LTD) Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the LTD Plan provides partial income protection to eligible full-time and part-time employees. The province is self-insured with the plan carrier (Great-West Life) being reimbursed for payments made to government employees under the plan as well as administrative fees and expenses.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1k Long Term Disability Plan	4,829	5,387	(558)	1

1. *Costs associated with the Long Term Disability Plan were below budget mainly due to fewer claims and associated costs.*

Levy for Health and Post-Secondary Education

This sub-appropriation provides for the province's payment as required by *The Health and Post-Secondary Education Tax Levy Act.*

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1l Levy for Health and Post-Secondary Education	20,761	21,274	(513)	

Health Spending Account

As negotiated under the Manitoba Government Employees Union agreement, the Health Spending Account allows employees to claim costs up to $350.00 for full-time employees and $175.00 for part-time employees per year (per family) where the annual maximum claim limit associated with other benefit plans has been exceeded. This plan is 100% employer funded.

Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1m Health Spending Account	2,559	2,624	(65)	

C. Recovery from Other Appropriations

This account provides for the recovery of the cost of the various employee benefits plans and related overhead charges from other departments, as described in Section B – Recoverable Benefits.

	Expenditures by Sub-Appropriation	Actual 2010/11 $(000s)	Estimate 2010/11 $(000s)	Variance Over/ (Under) $(000s)	Expl. No.
06-1n	Recoverable from Other Appropriations	(97,597)	(94,615)	(2,982)	

PART II
Financial Information

Part A - Operating Expenditure
Employee Pensions and Other Costs
Reconciliation Statement

$(000s)

DETAILS	2010-11 ESTIMATES
2010-11 MAIN ESTIMATES	18,060
2010-11 ESTIMATE	18,060

Employee Pensions and Other Costs

Expenditure Summary

for the fiscal year ended March 31, 2011 with comparative figures for the previous fiscal year

$(000s)

Estimate 2010-11		Sub-Appropriation	Actual 2010-11	Actual 2009-10	Increase / (Decrease)	Expl. No.
	06-1a	Civil Service Superannuation Plan				
69,850		(1) Pension Related Costs	56,074	56,289	(215)	
(62,071)		(2) Less: Recoveries	(48,297)	(49,648)	1,351	1
$ 7,779		**Subtotal (a)**	**$ 7,777**	**$ 6,641**	**$ 1,136**	
10,266	06-1b	Other Salary Related Benefits	5,144	5,761	(617)	2
	06-1c	Workers Compensation Board				
5,704		(1) Assessments	6,009	5,271	738	
(5,689)		(2) Less: Recoveries	(6,009)	(5,270)	(739)	
$ 15		**Subtotal (c)**	**$ 0**	**$ 1**	**$ (1)**	
33,775	06-1d	Canada Pension Plan	34,033	32,588	1,445	
15,892	06-1e	Employment Insurance Plan	16,192	15,286	906	
2,220	06-1f	Civil Service Group Life Insurance	2,174	2,156	18	
8,494	06-1g	Dental Plan	8,005	7,953	52	
1,200	06-1h	Vision Care	1,205	1,243	(38)	
3,533	06-1i	Prescription Drug Plan	3,405	3,312	93	
216	06-1j	Ambulance & Hospital Semi-Private Plan	228	214	14	
5,387	06-1k	Long Term Disability Plan	4,829	5,054	(225)	
21,274	06-1l	Levy for Health & Post-Secondary Education	20,761	20,620	141	
2,624	06-1m	Health Spending Account	2,559	2,262	297	
$ 94,615		**Subtotal (d) to (m)**	**$ 93,391**	**$ 90,688**	**$ 2,703**	
(94,615)	06-1n	Recoverable from Other Appropriations	(97,597)	(95,032)	(2,565)	3
$ 18,060	**06**	**TOTALS**	**$ 8,715**	**$ 8,059**	**$ 656**	

Explanations:

1. The variance for the Civil Service Superannuation Plan reflects a one-time adjustment in 2009/10 as a result of the transition to current service contributions.

2. The decrease in Other Salary Related Benefits in 2010/11 mainly reflects a positive adjustment based on an updated actuarial valuation in the Long Term Disability liability.

Employee Pensions and Other Costs
Expenditures by Sub-Appropriation
for the fiscal year ended March 31, 2011

Explanations: (continued)

3. The increase in Recoverable from Other Appropriations from 2009/10 is primarily the result of higher payroll benefit costs than the prior year.

PART III
Historical Information

Employee Pensions and Other Costs
Five Year Expenditure Summary
For the fiscal years ending March 31, 2007 to March 31, 2011
$(000s)

	Benefit Plan	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
06-1a	Civil Service Superannuation Plan [1]	76,070	83,611	70,232	6,641	7,777
06-1b	Other Salary Related Benefits	3,284	10,967	18,242	5,761	5,144
06-1c	Workers Compensation Board	0	0	2	1	0
06-1d	Canada Pension Plan	28,938	29,835	32,034	32,588	34,033
06-1e	Employment Insurance Plan	15,294	14,610	15,139	15,286	16,192
06-1f	Civil Service Group Life Insurance	1,855	1,935	2,056	2,156	2,174
06-1g	Dental Plan	7,122	7,442	7,895	7,953	8,005
06-1h	Vision Care	1,268	1,238	1,257	1,243	1,205
06-1i	Prescription Drug Plan	3,003	3,076	3,293	3,312	3,405
06-1j	Ambulance & Hospital Semi-Private Plan	201	201	204	214	228
06-1k	Long Term Disability Plan	4,437	4,632	4,796	5,054	4,829
06-1l	Levy for Health & Post-Secondary Education	17,406	18,314	19,510	20,620	20,761
06-1m	Health Spending Account	1,851	2,007	2,471	2,262	2,559
	Subtotal (d) to (m)	**81,375**	**83,290**	**88,655**	**90,688**	**93,391**
06-1n	Recoverable from Other Appropriations	(83,995)	(86,175)	(91,733)	(95,032)	(97,597)
06	**TOTALS**	**76,734**	**91,693**	**85,398**	**8,059**	**8,715**

1. *In 2008/09 there was a change to extend current service pension contributions to all employees and in 2009/10 current service contributions were allocated to departmental appropriations to better reflect the actual cost of services. Prior years have not been restated.*